

Message Text

LIMITED OFFICIAL USE

PAGE 01 CARACA 07303 01 OF 02 042234Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 PC-01 IO-13 ACDA-12 OMB-01 TRSE-00 HA-05
EB-08 BIB-01 MCT-02 COME-00 INT-05 LAB-04 SIL-01
/126 W

-----104536 042332Z/20

R 042112Z AUG 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3305
INFO AMEMBASSY BOGOTA
USCINCLANT NORFOLK VA
USCINCSO QUARRY HEIGHTS

LIMITED OFFICIAL USE SECTION 1 OF 2 CARACAS 7303

USCINCLANT FOR POLAD

E.O. 11652: NA
TAGS: PEPR, PINT, PGOV, ETRD, ELAB, EGEN, VE
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 7036

SUMMARY: THE PRESIDENT CAMPAIGN- SHIFTING GEARS AND
CHOOSING CONGRESSIONAL CANDIDATES. MILITARY COURT POSTPONES
BRINGING FORMAL CHARGES AGAINST ANTI-CASTRO TERRORISTS.
FOREIGN DEBT EXPECTED TO INCREASE DURING LATTER HALF OF 1978.
PRESIDENT AUTHORIZES CORPOZULIA COAL AND STEEL PROJECTS. LABOR
CONTRACT IN CONSTRUCTION INDUSTRY SIGNED. END SUMMARY.

1. THE PRESIDENTIAL CAMPAIGN -SHIFTING GEARS AND CHOOSING CONGRESSIONAL CANDIDATES.

JULY 31 MARKED THE END OF THE OFFICIAL PEIOD FOR ALL ADULT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 07303 01 OF 02 042234Z

VENEZUELANS TO REGISTER TO VOTE. THE SUPREME ELECTORAL COUNCIL (CSE) WAGED AN INTENSIVE CAMPAIGN AND KEPT THE ROLLS OPEN ONE MONTH BEYOND THE ORIGIANL DEADLINE. THE END OF JULY ALSO SIGNALLED A PERCEPTEBLE SHIFT IN THE CAMPAIGN STRATEGIES OF BOTH AD AND COPEI. AD CANDIDATE PINERUA, MOVING INTO WHAT HIS ADVISORS CALL THE "SELECTIVE" PHASE OF HIS CAMPAIGN, BEGAN A WEEKLY SERIES OF PRESS

CONFERENCES ON AUGUST 1, CONFERENCES WHICH WILL BE FOLLOWED BY INTENDISIFED MEDIA EXPOSURE. PINERUA, IN FACT, MADE HEADLINES IN HIS FIRST SUCH CONFERENCE BY PROPOSING A LEGISLATIVE COOPERATION TO COPEI IN WHICH THE TWO WOULD AGREE TO WORK TOGETHER ON A LONG LIST OF MAJOR LEGISLATIVE PROPOSALS, RANGING FROM SEPARATE MUNICIPAL ELECTIONS TO IMPROVEMENTS IN PUBLIC ADMINISTRATION. COPEI CANDIDATE HERRERA DISMISSED THE OFFER OUT OF HAND. COPEI HAS BEGUN THE

E "AFFIRMATION" STATE OF THE HERRERA CANDIDACY, WITH HERRERA MOVING TO DISCUSS SPECIFIC ASPECTS OF HIS PARTY'S PROGRAM, RATHER THAN PLACING HIS PRINCIPAL EMPHASIS ON THE NEGATIVE ASPECTS OF THE PEREZ ADMINISTRATION AND THE AD CANDIDATE. HE SPOKE OF SPORTS AND CULTURE AUGUST 3. THE OTHER MAJOR DEVELOPMENT THIS WEEK INVOLVED THE TWO PARTIES GETTING DOWN TO THE BUSINESS OF CHOOSING THEIR CONGRESSIONAL CANDIDATES. COMMENT: AD LEADERS BELIEVE THEY WILL WIN, BUT ARE NO LONGER CERTAIN OF AN OVERWHELMING VICTORY. IN PARTICULAR, THERE IS SOME CONCERN THAT PINERUA'S PUBLICITY WITH ITS USE OF BANDS, JINGLES AND SLOGANS HAS OBSCURED THE CANDIDATE'S OWN PERSONALITY. OF COURSE, IN PART, THE PUBLICITY HAS BEEN DESIGNED TO PRESENT PINERUA IN THE BEST POSSIBLE LIGHT, TO EMPHASIZE HIS "CAPACITY AND FIRMNESS", AS THE CAMPAIGN SLOGAN GOES. BUT FOUR MONTHS FROM THE ELECTION, AD MUST AVOID GIVING CREDENCE TO THE COPEI CHARGE THAT PINERUA IS VIRTUALLY HIDING FROM THE MORE ARTICULATE, IF MORE AVUNCULAR, HERRERA. THE THE NEW PHASE OF THE AD CAMPAIGN, WITH WEEKLY PRESS CONFERENCES AND OTHER INTERVIEWS WITH PINERUA, COULD PROVE A LITMUS TEST FOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 07303 01 OF 02 042234Z

THE AD CANDIDATE.

2. MILITARY COURT POSTPONES BRINGING FORMAL CHARGES AGAINST ANTI-CASTRO TERRORISTS.

ON AUGUST 2, THE PERMANENT WAR COUNCIL TRYING ANTI-CASTRO TERRORISTS ORLANDO BOSCH, LUIS POSADA CARRILES, HERNAN RICCARDO LOZANO AND FREDDY LUGO AGREED TO TEMPORARILY POSTPONE BRINGING FORMAL CHARGES AGAINST THEM. BOSCH FACES CHARGES OF FIRST DEGREE MURDER, USE OF MILITARY WEAPONS AND OF A FALSE PASSPORT, AND DEFAMING THE PRESIDENT, THE OTHERS, VENEZUELAN, FACE MURDER AND TREASON CHARGES IN THE OCTOBER '76 BOMBING OF A CUBANA AIRLINER IN WHICH 73 PERSONS WERE KILLED. ALL FOUR DEFENDANTS WERE BROUGHT BEFORE THE PERMANENT WAR COUNCIL TO HEAR THE CHARGES, BUT A LAST MINUTE REQUEST BY DEFENSE LAWYERS FOR A DELAY WAS GRANTED. IT IS NOT EXPECTED THAT THERE WILL BE FURTHER LEGAL ACTION ON THE CASE UNTIL MID-SEPTEMBER. COMMENT: BOSCH HAS BEEN RELATIVELY QUIET IN RECENT MONTHS, BUT HE TOLD THE PRESS WHEN BROUGHT TO THE COURTROOM THAT THE DEATHS CAUSED BY THE CUBANA CRASH WERE JUSTIFIED. THERE HAS BEEN CONSIDERABLE SPECULATION THAT THE GOV WOULD AVOID BRINGING THE TRIAL TO A CONCLUSION PRIOR TO THE END OF THE PRESIDENTIAL CAMPAIGN TO

AVOID ALIENATING THE CUBAN EXILE COMMUNITY, A SOURCE OF VOTES, BUT MORE IMPORTANT, SINCE IT IS RELATIVELY PROSPEROUS, OF CAMPAIGN CONTRIBUTIONS.

3. FOREIGN DEBT EXPECTED TO INCREASE DURING LATTER HALF OF 1978.

ACCORDING TO INFORMED BANKING SOURCES, VENEZUELA EXPECTS TO INCREASE ITS FOREIGN INDEBTEDNESS BY ABOUT \$1 BILLION DURING THE LAST HALF OF 1978. TO AVOID POLITICAL REPERCUSSIONS, LOANS WILL BE FOR RELATIVELY SMALL AMOUNTS AND, IN SOME CASES AT LEAST, BE NEGOTIATED BY AUTONOMOUS AGENCIES RATHER THAN THE MINISTRY OF FINANCE. LOANS FOR LESS THAN 2 YEARS NEED NOT BE APPROVED BY THE CONGRESS. CITICORP INTERNATIONAL, FOR EXAMPLE, HAS JUST SIGNED A \$46.1 MILLION LOAN AGREEMENT WITH THE INSTITUTO NACIONAL DE PUERTOS. SIDOR, VENEZUELA'S LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CARACA 07303 01 OF 02 042234Z

MAJOR PRODUCER OF STEEL AND STEEL PRODUCTS, IS EXPECTED TO BORROW \$200-300 MILLION THE LATTER HALF OF THIS YEAR. FINALLY, THE GOV EXPECTS TO BORROW ABOUT \$80 MILLION EQUIVALENT IN YEN IN JAPAN AS WELL

AS PERHAPS \$200 MILLION IN THE UNITED STATES.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 CARACA 07303 02 OF 02 042241Z
ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 PC-01 IO-13 ACDA-12 OMB-01 TRSE-00 HA-05
EB-08 BIB-01 MCT-02 COME-00 INT-05 LAB-04 SIL-01
/126 W

-----104651 042331Z/20

R 042112Z AUG 78

FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 3306
INFO AMEMBASSY BOGOTA
USCINCLANT NORFOLK VA
USCINCSO QUARRY HEIGHTS

LIMITED OFFICIAL USE SECTION 2 OF 2 CARACAS 7303

4. PRESIDENT SIGNS BILL AUTHORIZING CORPOZULIA COAL, STEEL PROJECTS

WITH ELECTION YEAR FANFARE AND PUBLICITY, PRESIDENT PEREZ ON AUGUST 2 SIGNED THE LAW AUTHORIZING THE CORPOZULIA STEEL AND COAL PROJECTS IN MARACAIBO. HIGH LEVEL GOV OFFICIALS ACCOMPANIED THE PRESIDENT TO MARACAIBO, WHICH WAS DESIGNATED AS CAPITAL OF THE REPUBLIC FOR A DAY IN HONOR OF THE EVENT. IN HIS SPEECH, THE PRESIDENT JUSTIFIED THE PROJECTS ON THE BASIS OF A PROJECTED NATIONAL DEMAND FOR STEEL WHICH SHOULD EXCEED BY ABOUT 2 MILLION TONS THE 5 MILLION TONS ANNUALLY WHICH SIDOR WILL EVENTUALLY PRODUCE. THERE WAS NO ANNOUNCEMENT OF A FOREIGN PARTNER FOR THE STEEL PROJECT. FOUR CONSORTIA ARE COMPETING FOR THE CONTRACT. A DECISION IS EXPECTED IN THE SECOND HALF OF THIS YEAR.

5. LABOR CONTRACT IN THE CONSTRUCTION INDUSTRY PRODUCES WORKERS GAINS BUT ALSO CRITICISM FROM THE LEFT.

THE FEDERATION OF CONSTRUCTIONWORKERS (FETRACONSTRUCCION)
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CARACA 07303 02 OF 02 042241Z

AND THE CONSTRUCTION CHAMBER REPRESENTING MANAGEMENT SIGNED A COLLECTIVE AGREEMENT AUGUST 2 WHICH COVERS OVER 300,000 WORKERS IN THE CONSTRUCTION INDUSTRY. BASE DAILY PAY IS INCREASED ON THE AVERAGE BY 22 PERCENT, AN INCREASE WHICH APPROXIMATED THE PROJECTED RATE OF INFLATION OVER THE 30-MONTH LIFE OF THE CONTRACT. THE LEADERSHIP OF FETRACONSTRUCCION INITIALLY HAD DEMANDED A HIGHER ACROSS-THE-BOARD INCREASE AND FOUGHT HARD FOR AN ANNUAL ADJUSTMENT OF WAGES BASED ON THE COST-OF-LIVING INDEX. THE EMPLOYERS DUG IN, HOWEVER, AND THE COMPROMISE, WITHOUT THE COST-OF-LIVING CLAUSE, WAS REACHED ONLY AFTER 8 MONTHS OF NEGOTIATION. THE FETRACONSTRUCCION LEADERSHIP FACES SOME DISCONTENT IN THE RAK-IN-FILE. NEVERTHELESS, THE FEDERATION'S LEADERSHIP THINKS THE AGREEMENT IS DEFENDABLE. COMMENT: MANAGEMENT FOUGHT HARD TO KEEP THE SETTLEMENT FROM FUELING INFLATION IN THE INDUSTRY. THE CONTRACTUAL AGREEMENT PROVIDES ONLY A FLOOR FOR PAY, AND WAGES FOR MOST CONSTRUCTION WORKERS WILL BE HIGHER THAN THE CONTRACT PROVIDES. THUS IT IS PROBABLY THAT THE RANK-AND-FILE WILL GRUDGINGLY ACCEPT THE SETTLEMENT. LEFTIST ELEMENTS IN FETRACONSTRUCCION WILL, HOWEVER, TRY TO EXPLOIT THE MODERATE AGREEMENT TO WEAKEN THE DOMINANT ACCION DEMOCRATICA PARTY'S LEADERSHIP IN THE FEDERATION.

6. OTHER REPORTING THIS WEEK INCLUDED: INFORMATION ON LABOR STANDARDS IN VENEZUELA (CARACAS 7258), PRESIDENT PEREZ SPEAKS OF HUMAN RIGHTS AND THE THIRD WORLD (CARACAS 7170), LETTER FROM PRESIDENT PEREZ ABOUT PANAMA (CARACAS 7152), FOREIGN MINISTER REVIEWS GOV FOREIGN POLICY (CARACAS 7150), POSSIBLE MEETING OF PRESIDENT PEREZ AND TREASURY SECRETARY BLUMENTHAL (CARACAS 7033),

REGIONAL SEMINAR ON REMOTE SENSING TECHNIQUES (CARACAS 7098), GOV
PLANS TO RENEGOTIATE FOREIGN DEBT (CARACAS 7200), TRADE COMPLAINTS:
A RISING TIDE IN VENEZUELA (CARACAS 7186), AND TAXATION OF
INSTRUMENTS OF FOREIGN COMMERCE (CARACAS 7116).

CROWLEY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CARACA 07303 02 OF 02 042241Z

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ELECTION CANDIDATES, POLITICAL SUMMARIES, TERRORISTS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA07303
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780320-0054
Format: TEL
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780899/aaaadezl.tel
Line Count: 235
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8c00366a-c288-dd11-92da-001cc4696bcc
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 CARACAS 7036
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1839711
Secure: OPEN
Status: NATIVE
Subject: THIS WEEK IN VENEZUELA
TAGS: PEPR, PINT, PGOV, ETRD, ELAB, EGEN, VE, (HERREA)
To: STATE
Type: TE
vdkgvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/8c00366a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014